COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF LEWISPORT TELEPHONE COMPANY, INC., FOR APPROVAL OF THE EXPENSING OF STATION CONNECTIONS	))))	CASE NO. 8817

O R D E R

IT IS ORDERED that Lewisport Telephone Company, Inc., ("Lewisport") shall file an original and nine copies of the following information with the Commission by August 20, 1983. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed; for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible. Moreover, Lewisport shall furnish the name of the witness who will be responsible for responding to questions concerning each area of information outlined. If neither the requested information nor a motion for extension of time is filed by the stated date, the case may be dismissed.

Staff Request No. 1

1. A calculation of the impact on revenue requirement as a result of the expensing of station connections as outlined in Attachment A.

2. A calculation of service charges as outlined in Attachment B.

3. A billing analysis for proposed service charges.

Done at Frankfort, Kentucky, this 3rd day of August, 1983.

PUBLIC SERVICE COMMISSION

By the Commission

ATTEST:

Secretary

ATTACHMENT A

This attachment is a suggested technique for estimating the impact on the revenue requirement of expensing station connection expenses. Your company may substitute a different method if you choose.

Account 232 must be separated. The companies which have the cost already separated should use the recorded amounts. The companies which do not have the account separated must use one of the following three methods:

1. Conduct a new time and motion study.
2. Use an existing study.
3. Use the attached industry study.

A copy of the study should be attached and filed with the study results.

A. As of year end 1980 (or more current period, if available) show separately the amounts for:

   a. Plant in service for station connections--inside wire

   b. Plant in service for station connections-other

   c. Depreciation reserve for station connections-inside wire

   d. Depreciation reserve for station connections-other

For expediency purposes, the reserve should be apportioned in the same manner as plant in service for Account 232. If the present reserve for Account 232 is negative, the negative amount should be assigned to station connections-inside wire and the reserve for station connections-other set at zero.

Connections-Inside

	-Other	W	W	W	W
	-Total	XW		XW	XW

C. Projected station connection expenses - Four Year Phase-in (The abbreviation SC-I refers to Station Connections-Inside Wire.)

Line No.	Description	Year 1	Year 2	Year 3	Year 4
1	Annual depreciation expense for account 232 at present rates	$ Z	$ Z	$ Z	$ Z
2	Less: Depreciation on SC-Other (1)	(Y)	(Y)	(Y)	(Y
3	Subtotal	$S ZY	$ ZY	$ ZY	$ Z
4	Embedded SC-I (2) times 10%	$ T	$ T	$ T	$ T
5	Year 1 SC-I additions (3) times .75 times 10% = A	1/2A	A	A	A
6	Year 2 SC-I additions (3) times .50 times 10% = B		1/2B	B	
7	Year 3 SC-I additions (3) times .25 times 10% = C			1/2C	
8	New depreciation SC-I	TD	TD	TD	T
9	Increase (decrease) depreciation: L8-L3	$ ZX	$ ZX	$ ZX	$
10	Year 1-SC-I additions (3) times .25	$ D			
11	Year 2 SC-I additions (3) times .50		$ E		
12	Year 3 SC-I additions (3) times .75			$ F	
13	Year 4 SC-I additions (3) times 1				$
14	Cost of removal	H	I	J	
15	Salvage	L	M	N	
16	Cost of reconnects & reinstalls	P	O	R	
17	Impact of expensing SC-I each year (L10 through L16)	$ DX	$ EX	$ FX	$
18	Total impact - four year phase in (L17 plus L9)	$ XZ	$ XZ	$ XZ	$

(1) Use 5% rate times SC-Other (embedded cost + projected SC-Other additions) unless you can justify some other rate.

(2) Embedded SC-I (Investment less accumulated reserve as of conversion date).

(3) New additions should be estimated for each year of the four ye period. Depreciation rate on new addition is 10% annually, bu only 1/2 of this annual depreciation is allowed in the first y of the addition.

SERVICE CHARGES

scription of Charge	Definition of Charge	Charge Amount
Service Order Charge (All Services)	Work operation that occurs in business office, traffic, work assignment, revenue, etc. as required by customer for work performed by telephone company.	_____
Line Connection Charge (All Services)	Work operation required to provide link between central office and customers premises up to and including protector.	_____
) Premises Visit Charge (All Services)	Work operation requiring visit to customers premises.	_____
) Premises Work Charge =) (Residential) b) (Business)	Work operation requiring the inside wiring of customers premises including wall jacks.	_____
) Station Handling Charge (All Stations)	Work operation requiring the moving, connecting, or changing of telephones.	_____

A) Service Order Charge=labor (.3 hours X ____ per hour) = $_____

B) Line Connection Charge=labor (.5 hours X ____ per hour) = $_____

C) Premises Visit Charge=labor (.5 hours X ____ per hour) + vehicle charge (.5 hours X ____ per hour) = $_____

Da) Residential Premises Work Charge = material (residential wire + jack + 1.00) = labor (.6 hours X ____ per hour) = $_____

Db) Business Premises Work Charge = material (business wire + jack + 1.00) = labor (.9 hours X ____ per hour) = $_____

E) Station Handling Charge = labor (.3 hours X ____ per hour) = $_____

SERVICE CONNECTION CHARGES BASED ON SERVICE CHARGES

Service Connection Charge	Make-up of Charge*	Charge
Main Station		
Business		
Instrument in Place	A+C	
Instrument Not in Place	A+B+C+Db+E	
Initial Pre-wiring	A+C+Db	
Pre-wiring completion	B+E	
Residence		
Instrument in Place	A+C	
Instrument Not in Place	A+B+C+Dr+E	
Initial Pre-wiring	A+C+Dr	
Pre-wiring completion	B+E	
Extension		
Business	A+C+Db+E	
Residence	A+C+Dr+E	
Moves and Changes		
Minimum Trip		
Business	A+C+E	
Residence	A+C+E	
Inside Move		
Main Station - Business	A+C+Db+E	
- Residence	A+C+Dr+E	
Extension - Business	A+C+Db+E	
- Residence	A+C+Dr+E	
Outside Move		
Main Station - Business	A+B+C+E	
- Residence	A+B+C+E	
Extension - Business	A+B+C+E	
- Residence	A+B+C+E	
Change Type or Color		
Business	A+C+E	
Residence	A+C+E	
Service Call	A+C	
Reconnect		
Business	A+C	
Residence	A+C	

) Charges should be based upon only the work functions actually perform

Industry Study
232 Cost Analysis

	Capitalize	Expense
Material Costs (Per Unit)		
Protector	_____	
Grounding Device	_____	
Drop Wire		
% Aerial Drops x 110' x Cost Aerial Drop/foot	_____	
% Buried Drops x 150' x Cost Buried Drop/foot	_____	
Inside Wire		
% Residential x 30' x Cost Inside Wire/foot		_____
% Business x 45' x Cost Inside Wire/foot		_____
Jack		_____
Miscellaneous Material	1.00	1.00
TOTAL MATERIAL	_____	_____
Labor Costs		
Service Order Charge .5 X .3 hours X _____ per hour	_____	_____
Line Connection Charge Connect Line .5 hours X _____ per hour	_____	_____
Install Drop 1.2 hours X _____ per hour	_____	_____
Premises Visit Charge .5 X .5 hours X _____ per hour	_____	_____
Station Handling Charge .3 hours X _____ per hour		_____
Premises Work Charge .7 hours X _____ per hour		_____
TOTAL LABOR	_____	_____
* Other Charges to be inclued if not part of loaded labor rate.		
Other Charges		
Vehicle Charges .5 X .5 hours X _____ per hour	_____	_____
TOTAL OTHER CHARGES	_____	_____

% Capitalize = (Total Cost Capitalize / (Total Cost Capitalize + Total Cost Expense)) X 100 = _____

% Expense = 100 - % Capitalize = _____%